

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE MERGER OF LDDS COMMUNICATIONS, INC.)
AND ADVANTAGE COMPANIES, INC.) CASE NO. 89-192

O R D E R

On July 12, 1989, LDDS Communications, Inc. ("LDDS") and Advantage Companies, Inc. ("Advantage") jointly filed an application pursuant to KRS 278.020 requesting approval of their merger ("Proposed Transaction"). LDDS and Advantage are under the Commission's jurisdiction by their control of subsidiaries which are authorized to resell WATS services in Kentucky. This Order grants the approval sought by LDDS and Advantage. In addition, by amended application filed August 3, 1989, subsidiaries of the above, LDDS of Kentucky, Inc. ("LDDS Kentucky") formerly Telcor, Inc. and Advantage Long Distance ("Long Distance"), seek approval of their contemplated merger ("Subsidiary Merger"). LDDS Kentucky is a wholly-owned subsidiary of LDDS and is authorized to resell WATS services in Kentucky in Case No. 10133.¹ Long Distance is a

¹ Case No. 10133, The Application of Telcor, Inc., to (1) Transfer the Assets of the Louisville Division of JTC Communications Corporation to Telcor, Inc., and (2) Issue a Certificate of Public Convenience and Necessity to Telcor, Inc., to Provide Resale of Telecommunications Services and Operation of Facilities Within Kentucky, Order entered February 2, 1988.

wholly-owned subsidiary of Advantage and is authorized to resell WATS services in Kentucky in Case No. 10056.² This Order also grants approval of the Subsidiary Merger. On July 12, August 3, and August 7, 1989, LDDS and Advantage filed petitions for confidential treatment of certain financial information contained in their application for permission to merge. This Order holds in abeyance the petition for confidential treatment pending further review.

PROPOSED TRANSACTION

Under the Proposed Transaction, LDDS will merge into Advantage with the latter being the surviving corporation. After this action, the corporation will change its name from Advantage Companies, Inc. to LDDS Communications, Inc. ("Merged Entity"). The current shareholders of LDDS will control the Merged Entity and its officers and directors will be the current officers and directors of LDDS with the addition of two persons from Advantage. After the Proposed Transaction the Merged Entity will have two wholly-owned subsidiaries, LDDS Kentucky and Long Distance. By the Subsidiary Merger, LDDS Kentucky will be the surviving corporation and the current management of LDDS Kentucky will continue to run that utility after the merger. The tariff to apply after the Subsidiary Merger will be the current tariff of LDDS Kentucky.

² Case No. 10056, The Joint Application of Advantage Companies, Inc., and Call U.S., Inc., Requesting that the Public Service Commission Approve the Transfer of Control of the Utility Business Assets of Call U.S., Inc., to Advantage Companies, Inc., Order entered October 30, 1987.

The Proposed Transaction involves financing that was approved in Case No. 89-061.³

APPLICABLE LAW

KRS 278.020(4) and (5) require the Commission's approval of the acquisition or transfer of ownership or control of a utility. The effective acquisition, in toto, of Advantage by LDDS constitutes a change in control within the meaning of those statutes and they govern the Proposed Transaction. The merger of LDDS Kentucky and Long Distance represents a change of control within the meaning of KRS 278.020(4) and it governs the Subsidiary Merger.

It is the opinion of the Commission that approval of the Proposed Transaction and the Subsidiary Merger should be granted because they will not result in any diminution of telecommunication services. Through its wholly-owned subsidiary, LDDS has corporate experience in the field of WATS resale. The addition of Advantage's operations to the operations of LDDS will not affect the financial, technical, or managerial abilities of LDDS to maintain reasonable telecommunications services in Kentucky. LDDS Kentucky also has the financial, technical, and managerial abilities to provide reasonable service to its customers while also providing reasonable service to the former customers of Long Distance.

³ Case No. 89-061, The Application of LDDS Communications, Inc., Telamarketing Communications of Evansville, Inc. and Telcor, Inc. for Approval of Financing.

IT IS THEREFORE ORDERED that:



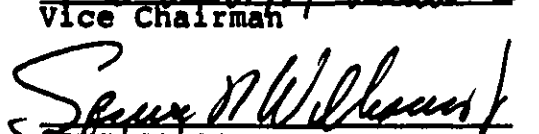
1. The Proposed Transaction and the Subsidiary Merger be and they hereby are approved as described hereinabove.

2. The tariff of the Subsidiary Merger shall be that of LDDS Kentucky and an adoption notice shall be filed pursuant to 807 KAR 5:011, Section 11.

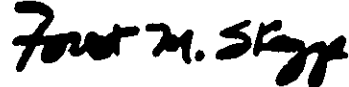
3. The Commission reserves the right to examine questions that have arisen concerning this financing in Case No. 89-061 and the disposition of the funds derived therefrom to determine, among other things, whether the funds are used in the construction of transmission facilities that will result in classification of LDDS Communications as a facilities-based carrier.

Done at Frankfort, Kentucky, this 11th day of August, 1989.

PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

Commissioner

ATTEST:



Executive Director